

Exhibit C

1 IN THE MATTER OF THE ARBITRATION)
2 BETWEEN)
3 ALFREDO SERRANO, BRIAN PATRICK)
4 THOMAS, DANIEL G. RAUP,)
5 DEAN HEIL, et al.)
6 Claimants,)
7 vs.) No. 22-02150
8 MORGAN STANLEY,) c/w/ 22-02147
9 Respondent.)

10

11 TRANSCRIPT OF PROCEEDINGS had at the
12 arbitration of the above-entitled matter, held
13 at 55 West Monroe, Suite 2600, Chicago,
14 Illinois, on the 27th day of February, 2024,
15 commencing at 9:00 a.m.

16

17 BEFORE:

18 MARK W. SOLOCK, Arbitrator

19 ALLEN GREENBERG, Arbitrator

20 CAROLINE N. HARNEY, Arbitrator

21

22 Reported by: Susan Haselkamp, CSR

23 License No. 084-004022

24

1 APPEARANCES:

2 On behalf of the Claimant:

3 SALMANSON GOLDSHAW, PC, by
4 MR. SCOTT GOLDSHAW,
5 MS. CHRISTEN L. CASALE,
6 Two Penn Center, Suite 1230
7 1500 John F. Kennedy Blvd.
8 Philadelphia, Pennsylvania 19102
9 (215) 640-0593

10 and

11 ROSCA SCARLATO, by
12 MR. ALAN ROSCA,
13 2000 Auburn Drive
14 Suite 200
15 Beachwood, Ohio 44122
16 (216) 946-7070
17 arosca@rscounsel.law

18 On behalf of the Respondent:

19 O'MELVENY & MYERS, LLP, by
20 MS. MEAGHAN VERGOW,
21 MR. ALEXANDER REED,
22 MR. CHRISTOPHER HUNT,
23 MS. YOUJIN KWON,
24 MR. TIMUR AKMAN-DUFFY,
1625 Eye Street, NW
Washington, DC 20006
(202) 383-5368
mvergow@omm.com
areed@omm.com

MR. MARK GREENFIELD, In-house counsel

21 ALSO PRESENT:

22 MS. KIMBERLY GROTENRATH
23 MR. PETER HACKSHAW
24 MR. DANIEL RAUPP
MR. HENRY ENNO
MR. GARY PHELPS

1 BY MR. HUNT:

2 Q. So I believe, Mr. Bruce, yesterday you
3 testified that you did not receive a salary at
4 Morgan Stanley; is that right?

5 A. As a financial advisor trainee, you do
6 receive a salary for a set amount of time before
7 you're licensed, go into production.

8 Q. But then when you're not a trainee
9 anymore, do you receive a salary?

10 A. You do. There's a set draw. So
11 there's an amount of money that you get on a
12 bimonthly basis, but that is netted against the
13 production of the advisor.

14 Q. Let's go to Tab 4, that's JX76. 2015
15 Compensation Guide. Let me know when you're
16 there, sir.

17 A. Dash 676?

18 Q. It's JX76.

19 A. I'm there.

20 Q. Okay. So let's go to Bates number 655,
21 Section 1.1.1. It says salary at the top.

22 A. Okay.

23 Q. Okay. Is this -- is this the -- in the
24 first sentence here, it says, all FA/PWAs will

1 under the grid was subject to the rules and
2 conditions of the program?

3 A. Yes.

4 Q. And one of these conditions was --
5 well, strike that.

6 Let's look at Page 658 marked in the
7 bottom right corner. And I'm going to direct
8 you to the very top, the first full sentence.
9 Could you please read that, beginning deferred
10 compensation?

11 A. In the event --

12 Q. Sorry. The top line, first full
13 sentence above that first full paragraph.

14 A. Deferred compensation awards are
15 contingent upon the FA/PWA remaining employed
16 through the grant investing dates of the award.

17 Q. And you understand what it means for an
18 award to be contingent?

19 A. Yes.

20 Q. To do something else, or something has
21 to happen for the award to be earned?

22 A. Yes.

23 Q. And you understood this was one of the
24 rules and conditions of the program?

1 subject to the rules and conditions set forth in
2 this program; is that right?

3 A. That is correct.

4 Q. And you were eligible for other
5 potential awards detailed here, too, growth of
6 award, lending award. Those aren't at issue in
7 this case, right?

8 A. Correct.

9 Q. And turning to the next page of the
10 Compensation Guide. You were guaranteed a
11 monthly salary, right?

12 A. I can't -- well, I mean, according to
13 1.1, this is what it says. But I never thought
14 twice about it.

15 Q. You know you made much more than the
16 salary ultimately, right?

17 A. I just didn't think about it. But
18 that's -- that was not -- I wasn't working for a
19 salary. I was working to help my clients better
20 their situation.

21 Q. I understand. But you -- you
22 understand that the salary was guaranteed no
23 matter what?

24 A. I'm reminded of that.

1 credits based on your credit rate and creditable
2 revenue. Do you see that?

3 A. I do.

4 Q. And you understood that your credit
5 rate is based on two factors, full year gross
6 revenue and length of service. Do you see
7 that?

8 A. Yes.

9 Q. And you understood how to translate
10 that credit rate into compensation, right?

11 A. That's correct.

12 Q. So if we look at 1.2.3, the cash
13 compensation section of the Compensation Guide,
14 under calculation of cash credit advance.

15 ARBITRATOR SOLOCK: Are you there?
16 Hold on. It's Bates 658.

17 THE WITNESS: Yes, I'm there.

18 BY MS. VERGOW:

19 Q. Well, let's start at the beginning of
20 this section.

21 A. Sure.

22 Q. You understood that total credits less
23 deferred credits would be awarded as cash
24 credits, right --

1 A. Yes.

2 Q. -- as it says here?

3 A. Yes.

4 Q. And that the cash credits would be
5 calculated monthly?

6 A. Yes.

7 Q. And those in this example are expressed
8 in terms of dollars --

9 A. Okay.

10 Q. -- right?

11 A. Sure.

12 Q. And then how that translated into money
13 in your pocket is detailed under calculation of
14 cash credit advance, right?

15 A. Correct.

16 Q. And so the cash credit advance was the
17 amount by which cash credits exceeded your
18 salary for the month, right?

19 A. Sorry, could you restate that?

20 Q. I'm just reading from the document.
21 Cash credit advance is the amount by which cash
22 credits exceed FA salary for the month.

23 A. Yes.

24 Q. So the money in your pocket every month

1 was the amount of cash credits that you were
2 awarded in excess of your salary; is that
3 right?

4 A. That is correct.

5 Q. Okay. And meanwhile, you also
6 received a deferred credit allocation; is that
7 right?

8 A. I believe so.

9 Q. And that was described in 1.2.2 of the
10 Compensation Guide. And that's on the previous
11 page.

12 A. Correct.

13 Q. And at the beginning of that page, it
14 says, a percentage of total credits are
15 allocated to the financial advisor as deferred
16 credits based on the deferral ratio determined
17 by the full year gross revenue as shown in the
18 deferred ratio schedule below, right?

19 A. Right.

20 Q. And you understood how to do that
21 computation, right?

22 A. I did.

23 Q. And then the deferred compensation
24 section of the Comp Guide continues, and I'm

1 looking at the first -- sorry, the final
2 paragraph on this page to explain how deferred
3 credits are translated into dollars in your
4 pocket, right?

5 A. Are we looking at 657?

6 Q. I'm looking at 657.

7 A. Okay.

8 Q. And it explains that the value of the
9 deferred credits for 2015 will not be paid to
10 the FA in cash on a current basis. Do you see
11 that?

12 A. I do.

13 Q. But will instead be awarded as deferred
14 compensation shortly following year-end,
15 provided you're employed on that date, right?

16 A. I understand, yeah.

17 Q. And you understood that's how it
18 worked? And then detailed here are the vesting
19 terms and -- detailed here is the form of the
20 award, 25 percent stock, 75 percent cash,
21 right?

22 A. Yes.

23 Q. And the vesting terms for those awards
24 are detailed here?

1 A. Yes.

2 Q. And if you continue to the next page.
3 You understood that the award that's contingent
4 on your remaining employed during the grant
5 vesting date of the award?

6 A. Yes.

7 Q. And that this would become money in
8 your pocket when you were employed on the
9 vesting date, right?

10 A. I understand what was written here,
11 yes.

12 Q. Okay, all right. Thank you.
13 I just want to look at one last
14 document with you. Let's look at Tab 16 in your
15 binder. And you can take a minute to peruse it.
16 This is an e-mail between you and
17 Adrienne Weissman. Is that your wife?

18 A. That is my wife.

19 Q. And you were expressing to her some
20 views about the comp plan that was announced in
21 2014; is that right?

22 A. Sure.

23 Q. And that was the 2015 Compensation
24 Guide, right?

1 A. Before.

2 Q. Okay. We can put that down.

3 And I'm going to show you a document
4 that's been marked as Respondent's Exhibit 1.
5 This is the document I mentioned before, which
6 is data that was produced by Morgan Stanley in
7 this litigation. And then admissibility has
8 been stipulated by Claimants. It's in Tab 9 of
9 your binder.

10 All right. So, Mr. Tiffner, this is a
11 lot of numbers. What are we looking at on this
12 page here? What's the title of this
13 spreadsheet?

14 A. It says Financial Advisor EICP Awards
15 Dividends Cancellations and Conversions.

16 Q. And the EICP is the awards issued under
17 the stock plan --

18 A. That's right. These are --

19 Q. -- is that right?

20 A. -- restricted stock unit awards.

21 Q. Okay. And what is -- this includes
22 date of respecting various things, right? So
23 what does awards granted mean?

24 A. That's the total number of shares that

1 were granted.

2 Q. Okay. Is it shares granted actually?

3 A. No. These might be -- these might be
4 awards.

5 Q. Well, let me just ask you a better
6 question.

7 When a financial advisor receives an
8 EICP award, do they receive an award of units or
9 an award of shares?

10 A. I'm sorry. Stock units.

11 Q. Okay. And what does dividends issued
12 referred to here?

13 A. The awards have a dividend reinvestment
14 feature.

15 Q. Okay.

16 A. So the stock units would earn
17 additional stock units at the point that Morgan
18 Stanley declares a dividend.

19 Q. Okay. Let me ask -- let me ask you.
20 Can you explain the difference between a unit
21 and a share?

22 ARBITRATOR SOLOCK: Thank you.

23 MS. VERGOW: Yes.

24 THE WITNESS: So a restricted stock

1 unit is a promise to deliver a share of Morgan
2 Stanley stock following a vesting period.

3 Is it that fast? I'm sorry.

4 ARBITRATOR SOLOCK: Is it a one-to-one
5 correspondence?

6 THE WITNESS: Generally, yeah.

7 ARBITRATOR SOLOCK: Okay.

8 THE WITNESS: And then a share is
9 common stock of Morgan Stanley.

10 ARBITRATOR SOLOCK: Right, right,
11 right.

12 BY MS. VERGOW:

13 Q. So you're awarded a unit --

14 ARBITRATOR SOLOCK: It's a promise,
15 right?

16 THE WITNESS: It's a promise to
17 deliver, that's right.

18 BY MS. VERGOW:

19 Q. And then dividends may issue --

20 A. Correct.

21 Q. -- on Morgan Stanley common stock in
22 the meantime. And let's go to the last column.
23 What happens when an award is converted? What
24 does that mean?

1 A. That's essentially when the restricted
2 stock unit converts to a share of Morgan Stanley
3 stock. That's the income event for the
4 individual.

5 Q. Okay.

6 ARBITRATOR SOLOCK: Could I ask a
7 question, just so I understand?

8 When the promise is made, the share --
9 the stock might be worth a certain amount,
10 correct?

11 THE WITNESS: Correct.

12 ARBITRATOR SOLOCK: When it matures or
13 vests, do they get the amount that it was --
14 when it was first promised or do they get the
15 amount that it's worth upon distribution?

16 THE WITNESS: So they get the amount at
17 the point of distribution.

18 ARBITRATOR SOLOCK: So that could have
19 increased, correct?

20 THE WITNESS: Correct.

21 ARBITRATOR SOLOCK: I have the same
22 question for cash. They're made a promise of
23 deferred compensation in cash.

24 THE WITNESS: Correct.

1 ARBITRATOR SOLOCK: And starting in
2 2015, there was an eight-year vesting period,
3 correct?

4 THE WITNESS: Correct.

5 ARBITRATOR SOLOCK: And that changed
6 from 2014 when it was a six-year vesting period,
7 correct?

8 THE WITNESS: 2014 was also eight
9 years.

10 ARBITRATOR SOLOCK: When did it change
11 from six years to eight years?

12 THE WITNESS: They went from eight
13 years to six years in 2016. It got shorter.

14 ARBITRATOR SOLOCK: Oh, it got shorter?

15 THE WITNESS: Yeah, it got shorter.

16 ARBITRATOR SOLOCK: Okay, all right.
17 Now, my question is hypothetically you're made
18 a promise of \$100 if you stay four years,
19 correct?

20 THE WITNESS: You're awarded a grant.

21 ARBITRATOR SOLOCK: Yes. But it hasn't
22 matured, it hasn't vested?

23 THE WITNESS: That's correct.

24 ARBITRATOR SOLOCK: So what goes on

1 with that \$100? Is it invested, does it grow?

2 THE WITNESS: So in the deferred cash
3 plan specifically?

4 ARBITRATOR SOLOCK: Yes, yes.

5 THE WITNESS: So in deferred cash
6 plans, the individuals have the ability to
7 notionally allocate their dollars against a
8 series of funds.

9 So they choose to reallocate those
10 dollars, again, in notional funds. They're not
11 actually invested in anything. That's what I
12 mean by notional. And they get the returns of
13 those underlying funds at the point of the
14 distribution. So in your \$100 example, if they
15 choose poorly --

16 ARBITRATOR SOLOCK: They could go
17 down.

18 THE WITNESS: -- they could go down.

19 ARBITRATOR SOLOCK: And if they choose
20 wisely, it could go up?

21 THE WITNESS: Correct.

22 ARBITRATOR SOLOCK: And what if they
23 don't choose at all?

24 THE WITNESS: They would get a money

1 market rate of return. So a very -- a very
2 nominal rate of return.

3 ARBITRATOR SOLOCK: Okay. So the money
4 is put somewhere?

5 THE WITNESS: Correct. There's a
6 hedging portion that goes behind the programs.

7 ARBITRATOR SOLOCK: Okay. That's all I
8 want to ask.

9 MS. VERGOW: I want to clarify that.
10 BY MS. VERGOW:

11 Q. When you say the money, are you
12 familiar with the term rabbi trust?

13 A. Yeah. That's for the equity awards.

14 Q. Okay. And so for the notional -- the
15 cash awards, when those are paid, where are
16 those paid from?

17 A. So the cash awards are paid as
18 compensation dollars at the point of the
19 distribution.

20 Q. Okay. But where does the money come
21 from? Is it held in an account somewhere?

22 A. No, no.

23 Q. Okay. That's what I want to clarify.

24 A. Yeah. No, there's no money held in an

1 account for the person at all.

2 Q. Okay.

3 A. It's an obligation to pay, so from --

4 ARBITRATOR SOLOCK: So there's -- it's
5 not like that money is invested anywhere?

6 THE WITNESS: Correct. We could -- we
7 could choose to do it that way, but we don't.
8 It's not a --

9 ARBITRATOR SOLOCK: But what if they
10 have a notional, is that the right term?

11 THE WITNESS: Notional, yes.

12 ARBITRATOR SOLOCK: They can elect to
13 declare a notional place to put it?

14 THE WITNESS: They could declare to
15 invest it notionally in an investment vehicle,
16 some mutual fund.

17 ARBITRATOR SOLOCK: And then you would
18 do that for them?

19 THE WITNESS: They would just get the
20 return of that. They don't actually get
21 invested in anything. So if it's --

22 ARBITRATOR SOLOCK: Right, right,
23 right. But you would -- you would --

24 THE WITNESS: Guaranty the returns.

1 ARBITRATOR SOLOCK: Exactly. And you
2 would just monitor where they had it and see
3 what -- what that -- what instrument, how it
4 performed, correct?

5 THE WITNESS: And from our perspective,
6 if let's say they had a 5 percent rate of
7 return, we're guarant -- I won't say guaranteed.
8 But we're giving them the 5 percent rate of
9 return at the point of distribution.

10 ARBITRATOR SOLOCK: Okay.

11 BY MS. VERGOW:

12 Q. And the notional investments, those are
13 tracked in a bookkeeping account --

14 A. That's correct.

15 Q. -- is that right?

16 A. Yes.

17 Q. And they're given a menu of notional
18 investments to choose from --

19 A. That's correct.

20 Q. -- that they could select?

21 THE COURT REPORTER: I'm sorry, please
22 wait before you start.

23 BY MS. CASALE:

24 Q. And, Mr. Tiffner, when -- when is the

1 stock conversion -- when is the stock award
2 taxed?

3 A. At the point --

4 Q. Is it taxed at the point of award or
5 when it converts?

6 A. At the point of conversion.

7 Q. Okay. When is the cash award taxed?

8 A. At the point of distribution.

9 Q. Okay. Are there exceptions to that?

10 A. The FICA is the only exception to
11 the --

12 Q. Okay. Can you explain -- I don't want
13 to get too wonky, but I just want to make sure
14 we've got it in the record.

15 What does it mean to have to pay your
16 FICA tax?

17 A. So the way that they look at FICA tax
18 from an IRS perspective, it's based on a
19 substantial risk of forfeiture. So the concept
20 of substantial risk of forfeiture essentially
21 says that if someone is retirement eligible,
22 they're making an assumption in a conservative
23 way that that person will ultimately receive the
24 benefit of that program.

1 So we have to take the FICA tax from
2 the individual in advance of the scheduled
3 distribution date. And there's an exception
4 under the program that allows us to do so. So
5 there is an acceleration of payment that
6 100 percent goes to pay the taxes on behalf of
7 the individual.

8 And then they remain in the program and
9 are paid out on schedule for the remainder of
10 the award that's there at the point of the
11 scheduled distribution date.

12 ARBITRATOR SOLOCK: So you make the
13 FICA distribution before they've actually
14 received the money?

15 THE WITNESS: That's correct.

16 ARBITRATOR SOLOCK: What if they never
17 receive the money?

18 THE WITNESS: So then they would be
19 able to through their taxes get a refund for the
20 FICA portion of it.

21 ARBITRATOR SOLOCK: Okay. Thank you.

22 BY MS. VERGOW:

23 Q. Okay, all right. Let's go back to the
24 chart, Mr. Tiffner.

1 So we've got here the amounts. We've
2 got a column for converted and we've got a
3 column for cancelled. What does that mean?

4 A. These would be awards that were
5 cancelled because they were unvested or
6 potentially violated the one of the terms of the
7 program.

8 Q. Okay. And so just explain if you would
9 for the Panel what's depicted here. What
10 information do we have and about what?

11 A. Essentially that the majority of the
12 awards that are granted are actually paid out to
13 individuals.

14 Q. Okay. So let's look at the 2015 plan
15 year as an example here. So we have in the row
16 for 2015 plan awards that were granted in
17 January 2016. Do you see that?

18 A. I do.

19 Q. What were the awards granted?

20 A. What instrument were they granted?

21 Q. No. What was the figure?

22 A. 3.9 million.

23 Q. Okay. And that's 3.9 million units
24 were awarded?

1 A. Restricted stock units, correct.

2 Q. Okay. And then the next column says
3 359,000 dividends issued. What does that mean?

4 A. So they're -- and depending what the
5 dividend rate was at the time, these were
6 reinvested dividends that were also granted to
7 the underlying awards.

8 Q. Okay. So the advisor eventually gets
9 the actual share of stock, they also get
10 additional shares to account for the dividends
11 that were paid in the intervening period?

12 A. That's correct. It's a dividend
13 reinvestment program.

14 Q. Okay. And the next column is
15 cancelled. What does that reflect?

16 A. Those would be awards that were
17 cancelled as part of this program year.

18 Q. And so for this year, 441,000 and
19 change units were cancelled; is that right?

20 A. That's what it says, yes.

21 Q. And then the last column, converted.
22 What does that mean?

23 A. Those are the amounts that would have
24 ultimately converted to the individuals as part

1 of payments.

2 Q. Okay. So proportionately, roughly -- I
3 don't know if you -- you may be better at math
4 than I am. What proportion of awards were
5 cancelled relative to the overall awards
6 granted?

7 A. It's 8 percent, 9 percent, somewhere in
8 that neighborhood.

9 Q. Okay, all right. Let's -- let's look
10 at the next page.

11 All right. More data. Now, what are
12 we looking at here?

13 A. This is financial advisor EICP share
14 conversions by current employees versus former
15 employees.

16 Q. Okay. And conversions to current
17 employees what does that mean?

18 A. These are in-service distributions from
19 the program.

20 Q. Okay. And conversions to former
21 employees. What does that mean?

22 A. These would have been conversions of
23 stock units to employees who have terminated.

24 Q. And total conversions, what's that?

1 A. It would be the aggregate of the two
2 columns.

3 Q. And, again, can you tell roughly what
4 proportion of conversions went to former
5 employees out of total conversions?

6 A. Probably in the same neighborhood.

7 Q. Okay. And how would there be
8 conversions to former employees?

9 A. The hardship, you know, conversion are
10 in there, death, disability, retirement
11 eligibility involuntary.

12 Q. Okay.

13 MS. VERGOW: I've got a demonstrative
14 that I will use for demonstrative purposes only
15 to aid the witness' testimony.

16 BY MS. VERGOW:

17 Q. I'm going to show you a demonstrative
18 that captures this data in pictorial form. Can
19 you explain just walking through what -- what
20 we're looking at here?

21 A. Do I have it here?

22 Q. You have it here.

23 A. My eyes are not that good.

24 Q. You can use the data. Maybe the Panel

1 can review the bar charts. It would be easier
2 this way.

3 A. That's the next section, okay.

4 This looks like on a percentage basis
5 what percentage of the awards were converted for
6 current versus former employees.

7 Q. Okay. And it's very -- I don't know if
8 it's possible to magnify it at all. It's
9 very -- that's a little bit better. So we see
10 in 2009 -- I won't -- you know, under 10 percent
11 across?

12 A. It seems like under 10 percent is the
13 going rate. The red is the former employees,
14 blue is the active employees.

15 Q. All right. Let's do the same exercise
16 briefly for the cash awards. And we're going to
17 here look at the next page, which is Bates
18 stamped 24013. What are we looking at here?

19 A. This looks like stock unit conversions
20 in aggregate.

21 Q. I'm sorry. 24013, the heading. Are
22 you in Tab 9?

23 A. I may be in the wrong tab. I'm sorry.
24 I'm in Tab 10.

1 Q. Okay. Go back to Tab 9.

2 ARBITRATOR SOLOCK: Me, too.

3 MS. VERGOW: I'm sorry.

4 BY MS. VERGOW:

5 Q. Go to Tab 9. I'm sorry?

6 A. Okay. I'm there.

7 Q. Okay. So on Tab 9, Bates
8 stamped 24013.

9 A. So this is financial advisor MSCIP
10 awards, cancellations, distributions and current
11 balances.

12 Q. Okay. And let's walk through what's
13 depicted here. So awards granted, is that in
14 units or is it denominated as dollars?

15 A. These are -- these are dollars.

16 Q. And why is that?

17 A. Because it's deferred cash.

18 Q. Okay. And cancelled, what does that
19 mean?

20 A. These are -- similarly, these would be
21 awards that were cancelled from that specific
22 award year.

23 Q. Okay. And distributed?

24 A. Those are payments to individuals.

1 Q. All right. And then looking at 2018
2 and 2019. Do you see a current balance there?
3 What does that mean?

4 A. Those are awards that have not yet
5 distributed.

6 Q. Okay. And under distributed, though,
7 we see that some amounts have been paid out.
8 What's that?

9 A. More than likely that's the FICA
10 portion that I described before, the accelerated
11 FICA.

12 Q. Okay.

13 A. It could be someone who decide, also.
14 But it's a small number, so it could be either
15 one.

16 Q. Okay, all right. And turning to the
17 next page. What are we looking at here?

18 A. Financial advisor MSCIP distributions
19 by current employees versus former employees.

20 Q. Okay. And let's look at 2015 as an
21 example.

22 A. Okay.

23 Q. What does that show?

24 A. \$347 million was distributed to active

1 employees.

2 Q. Okay. And how about to current
3 employees?

4 A. You mean former employees?

5 Q. I'm sorry. Yeah, former employees.

6 A. It would have been \$78 million.

7 Q. And proportionately what proportion of
8 the payments went to former employees?

9 A. A very small percentage went to former
10 employees.

11 Q. All right. And let's look at the
12 demonstrative, again. And this is in Tab 10 of
13 your binder. And I will -- actually, let me lay
14 some foundation now.

15 Did you confirm that the ratios
16 depicted in these demonstratives corresponded
17 with the data in the chart?

18 A. I didn't calculate each one
19 individually, but the numbers were --

20 Q. Okay. Then I won't ask you anything
21 else. But for demonstrative purposes then,
22 looking at Page 3 of this and consulting your
23 data, how much of the cash awards were
24 distributed to former employees relative to

1 current employees year over year?

2 A. Slightly higher percentage, but not the
3 majority.

4 Q. Okay. And overall, and here we'll look
5 at these pie charts in our demonstrative across
6 all of these years, what proportions of payments
7 under these awards went to former employees
8 relative to current employees?

9 A. So in the case of the equity awards, it
10 was 8 percent went to former employees and then
11 for the deferred cash awards, it was just under
12 15 percent went to former employees.

13 Q. Okay, all right. Thank you for bearing
14 with us. We're done with the data.

15 All right. You mentioned, Mr. Tiffner,
16 that one of Executive Comp's roles in connection
17 with deferred compensation was communications
18 with FAs; is that right?

19 A. That's correct.

20 Q. The Panel has already seen a lot of
21 those, but let's look at those briefly now. I'd
22 like you to turn to Tab 11 in your binder, which
23 is Joint Exhibit 127.

24 A. I'm there.

1 Q. You mentioned you have branch managers
2 reporting in to you. About how many branch
3 managers report to you?

4 A. Three.

5 Q. And do you have any other direct
6 reports?

7 A. I do.

8 Q. Roughly, how many direct reports do you
9 have?

10 A. About 80.

11 Q. And how many financial advisors do you
12 oversee in the Chicago west market?

13 A. 160.

14 Q. So I believe you said you worked at
15 three different firms in the brokerage industry,
16 Prudential, UBS and now Morgan Stanley?

17 A. Correct.

18 Q. And that was over 38 years?

19 A. Correct.

20 Q. In your role at Morgan Stanley
21 currently, are you involved in the recruitment
22 of financial advisors?

23 A. I am.

24 Q. And about what portion of your current

1 responsibilities relates to the recruitment of
2 financial advisors?

3 A. About 50 percent, about half my time.

4 Q. And what specific responsibilities do
5 you have with respect to recruitment?

6 A. I'm involved in the sourcing, either
7 through my own efforts or using a recruiter,
8 professional recruiter; I'm involved in talking
9 to them about compensation, about their deal,
10 transition packages; I'm involved in onboarding
11 or my team would be to, making sure they can
12 bring their accounts over, things like that.

13 Q. About how many conversations with
14 recruits or potential recruits have you had in
15 your career at Morgan Stanley?

16 A. It's north of 100.

17 Q. What about in your career generally?

18 A. If you include UBS, maybe 130, 140. A
19 few years at UBS.

20 Q. And how many financial advisors have
21 you successfully recruited to Morgan Stanley?

22 A. Just about 40.

23 Q. In those recruiting conversations, have
24 you had the opportunity to learn what

1 A. Yes.

2 Q. So let's just stay on that fourth
3 paragraph. And could you please read the
4 sentence in the middle that begins, in view of
5 these purposes. And you can read through
6 Subsection 2.

7 A. In view of these purposes, you will
8 earn your 2015 award only if you remain in
9 continuous employment through the scheduled
10 vesting date, subject to limited exceptions as
11 set forth below; Number 2, do not engage in any
12 prohibited activity.

13 Q. Has a financial advisor ever expressed
14 confusion to you regarding this language?

15 A. They have not.

16 Q. So you just mentioned keeping employees
17 or retention as a purpose of the deferred
18 compensation awards. How does retention of
19 financial advisors benefit Morgan Stanley?

20 A. So if the employees -- if the advisors
21 stay with us, the clients that they bring on
22 board stay with us. Those clients generate
23 revenues for the firm, and that's how we pay the
24 financial advisors.

1 A. Based on certain things happening,
2 yes.

3 Q. Okay.

4 MR. GOLDSHAW: I have nothing further.

5 ARBITRATOR SOLOCK: Any redirect based
6 on that testimony?

7 MR. REED: A little, one or two
8 questions.

9 REDIRECT EXAMINATION

10 BY MR. REED:

11 Q. Mr. Raman, I believe during your direct
12 testimony, you stated that in your recruiting
13 discussions, you never spoken with someone who
14 had unvested deferred comp that wasn't subject
15 to cancellation?

16 A. Correct.

17 Q. Do you ever require those recruits,
18 when you're considering a compensation package
19 or transition package to compensate them, to
20 show you proof that their deferred comp is being
21 cancelled at their prior firm?

22 A. Yes, I do.

23 MR. REED: No further questions.

24 ARBITRATOR SOLOCK: Any recross based